MT LEGISLATIVE HISTORY

Chapter 158 19 75

Bill H _____ S 34 Original bill & hist. ___C

H. Committee on Tax			S. Committee on Tax		
Hearing Date(s)	3/7	___C	Hearing Date(s)	1/9	___C
in	3/5	___C		1/17	___C
	_____	___C		1/23	___C
	_____	___C		1/24	___C
Date Out	_____	___C		_____	___C

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

Senate BILL NO. 34

INTRODUCED BY Watt, Story, Halligan, Manley, Healy

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION 84-4905, R.C.M. 1947, TO PROVIDE THAT ADJUSTED GROSS INCOME SHALL NOT INCLUDE BENEFITS PAID TO RETIRED FIREMEN, DISABLED FIREMEN, AND WIDOWS AND ORPHANS FROM FIRE DEPARTMENT RELIEF ASSOCIATION FUNDS."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 84-4905, R.C.M. 1947, is amended to read as follows:

"84-4905. Adjusted gross income. (1) Adjusted gross income shall be the taxpayer's federal income tax adjusted gross income as defined in section 62 of the Internal Revenue Code of 1954 or as that section may be labeled or amended, and in addition shall include the following:

(a) Interest received on obligations of another state or territory, or county, municipality, district, or other political subdivision thereof:

(b) Refunds received of federal income tax, to the extent the deduction of such tax resulted in a reduction of Montana income tax liability.

(2) Adjusted gross income does not include the following which are exempt from taxation under this act:

(a) Interest income from obligations of the United States government, the state of Montana, county, municipality, district, or other political subdivision thereof:

(b) All benefits received under the Federal Employees Retirement Act not in excess of three thousand six hundred dollars ($3,600).

(c) All benefits paid under the Montana Teachers Retirement Act which are specified as exempt from taxation by section 75-2713.

(d) All benefits paid under the Montana Public Employees Act which are specified as exempt from taxation by section 68-1303.

(e) All benefits paid under the Montana Highway Patrol Retirement Act which are specified as exempt from taxation by section 31-221.

(f) Montana income tax refunds or credits thereof.

(g) All benefits paid under sections 11-1925, 11-1926, and 11-1927.

(3) In the case of a shareholder of a corporation with respect to which the election provided for under subchapter S. of the Internal Revenue Code of 1954, as amended, is in effect, but with respect to which the election provided for under section 84-1501.2, as amended, is not in effect, adjusted gross income does not include any part of the

INTRODUCED BILL

SB34

corporation's undistributed taxable income, net operating loss, capital gains or other gains, profits or losses required to be included in the shareholder's federal income tax adjusted gross income by reason of the said election under subchapter S. However, the shareholder's adjusted gross income shall include actual distribution from the corporation to the extent they would be treated as taxable dividends if the subchapter S. election were not in effect."

-End-

44th LEGISLATIVE SESSION

COMMITTEE ON TAXATION

SENATE BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CONCURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CONCURRED IN DATE
10	1/7	1/10 1/16 2/11							
11	1/7	1/10 2/7	2/7		2/7				
12	1/7	1/8 2/7	2/7		2/7				
13	1/7	1/22 1/28	1/31			1/13			
14	1/7	1/21 1/28	1/28			1/28			
17	1/7 1/11	1/8 1/11	1/8 1/17			1/17			
20	1/7	1/8 1/10	1/10		1/10				
23	1/7	2/12 2/21 2/23	2/23			2/23			
24	1/7	1/11 1/17	1/17			1/17			
27	1/24	1/31	1/31	1/31					
29	1/8	1/16 1/21 2/26	2/26			2/26			
32	1/8	1/16 1/21	1/17	1/17					
34	1/9 1/23	1/17	1/17			1/17 1/2			
42	1/10	2/21 2/22	2/22		2/22				
64	1/13	1/17	1/17	1/17					
66	2/1 2/6								
67	1/13	2/7	2/7		2/7				

(Use Separate Sheet for Senate, House Bills, and Resolutions)

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 17, 1975

The fifth meeting of the Taxation Committee was called to order by Chairman Watt on the above date in Room 415 of the State Capitol Building at 8:10 a.m.

ROLL CALL: Roll call found all members present except Sen. Manning who was excused.

The following witnesses were present:

Al Sampson	Mont. State Fireman's Assoc.
Earl Morrow	Mont. Retired Firemen
Ray Schroder	"
Wm. Spady	"
James J. Sibert	"
Dave Fisher	Mont. Vol. Firemen Assoc.
Art Korn	" Sec-Treas
Howard O. Vralsted	Department of Revenue
Ed Johnstair	Mont. State Fireman's Assoc.
Ray Blahan	"

CONSIDERATION OF SENATE BILL 34: Chairman Watt turned the conducting of the meeting over to the vice chairman and following, introduced his bill. Sen. Watt stated that since the firemen, retired, were also public employees they too should be entitled to the same exemptions under the law as other public service employees.

He introduced Mr. Sampson as one of the bill's proponents. His testimony was followed by Mr. Sibert's who stated that their pensions were quite small and any help the committee could give by passing this legislation would be appreciated. He said the bill would affect approximately 187 members of the M.F.A., whose money was earned and taxed within the state. Other proponents to voice their approval of the bill included Mr. Fisher and Mr. Korn.

Vice chairman Healy asked for opponents to the bill and Mr. Vralsted stated that although he had no objection to the bill, the Department felt that the bill should be amended to be effective December 31, 1974 and that benefits received up until that date would be taxable.

Sen. Mathers inquired if there was a Fiscal Note on the bill and Sen. Watt replied there was a figure of approximately $17,000 per year, estimated cost. Vice chairman Healy asked for further questions from the committee and there being none, Sen. Watt read his proposed amendments, copy on attached committee report.

DISPOSITION: Senator Turnage Moved to adopt the Amendments to SB34. Motion seconded by Sen. Watt; motion carried.

Sen. Watt Moved SB 34 AS AMENDED DO PASS. Motion carried, all members present voting "Aye".

Sen. Turnage moved to amend SB17, recently returned to the committee. His amendments are on attached committee report. Motion was carried.

STANDING COMMITTEE REPORT

January 17 19 73

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration SENATE Bill No. 34

Respectfully report as follows: That SENATE Bill No. 34
be amended as follows:

1. Amend title, line 8
   Following: "FUNDS"
   Insert: "; AND PROVIDING AN EFFECTIVE DATE"

2. Amend page 2, section 1, subsection (2) line 19
   Following: "1927"
   Insert: "to retired and disabled firemen, their surviving spouses and orphans"

3. Amend page 3
   Following: line ~~26~~ 9
   Insert: "Section 2. This act shall be effective for all taxable years commencing with the taxable year 1974."

AS AMENDED
DO PASS

ROBERT D. WATT Chairman.

STATE PUB. CO.
Helena, Mont.

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 24, 1975

The eighth regular meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building at 8:10 a.m., by Chairman Watt.

ROLL CALL: Roll call found all members present with the exception of Sen. Mathers. Ex-officio member McOmber was present also.

The following witnesses were present:

G.V. Erickson - Mont. Ass'n. of School Admin.
Dorothy Eck - State-Local Coordinator
N. J. Lien - Mont. University System
J. M. Pichette - Democratic Party
J. Dracon - School Dist. #2, Billings
H. Rehmer - State Supt.
S. Colberg - "
Maurice J. Hickey - Montana Education
Richard L. Bourke - E.Q.C.
Ray Woodriff
Sarah E. Bowler
Bruce Nelson - MSL
Wallace Edland - Mont. School Boards Ass'n.

Chairman Watt first noted that SB 34 was back in the committee for a minor amendment, the changing of the Section number. This amendment was made, see attached copy.

DISPOSITION: Sen. Towe Moved The Adoption of Amendments to SB 34. Motion seconded by Sen. Healy; motion carried. Sen. Turnage MOVED SB 34 DO PASS AS AMENDED. Motion was seconded by Sen. Healy; motion carried.

CONSIDERATION OF SENATE BILL 87: Sen. Towe introduced his bill explaining how the tax moneys would be distributed in the trust funds and making funds immediately available to the impact areas. He mentioned several proposed changes to the bill and distributed copies of these amendments which included changing to ten the number of members on the 'coal board' as detailed in the bill. Written testimony, copy attached.

Following his testimony Chairman Watt asked for other proponents of the bill: G.V. Erickson commented on the forward look of the bill; Maurice Hickey stated their support of the bill as did John Dracon, Wallace Edland, Michael Pichette, Nancy Lien, Dorothy Eck and Don Patterson.

Chairman Watt stated here that due to the time already consumed, the committee would accept written testimony and remaining oral testimony must be brief.

Brief comments were then heard from Ray Woodriff and Sarah

STANDING COMMITTEE REPORT

January 24 19 75

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration SENATE Bill No. 34

Respectfully report as follows: That SENATE Bill No. 34

second reading, ~~printed~~ be amended as follows:

1. Amend page 2, line 11.
   Strike: "75-2713"
   Insert: "75-6215"

AND AS SO AMENDED, DO PASS

~~DO NOT PASS~~

ROBERT D. WATT Chairman.

STATE PUB. CO.
Helena, Mont.

TAXATION COMMITTEE
March 7, 1975

Chairman Dan Yardley called the meeting to order at 8:05 a.m., room #108, Capitol Building, Helena. Reps. Duane Johnson and Daniel Kemmis were absent. Senate bills 34 and 94 were scheduled to be heard.

SENATE BILL 34

Senator Frank W. Hazelbaker, District 41, Beaverhead County, co-sponsor of SB 34 asked Mr. Al Sampson, Montana State Firemen's Association, to explain this bill. He explained the purpose of this bill is to do for the firemen what other government employees are already getting - exemption from payment of income tax from fire department relief association funds paid to retired and disabled personnel and their surviving spouses and orphans.

These pensions average about $350 per month for about 260 pensioners. Volunteer firemen pensions are as low as $15 per month.

SENATE BILL 94

Senator Jean A. Turnage, District 13, Lake County, introduced Senate Bill 94 at the request of the department of revenue and which provides for automatic extension of one to six months for filing corporation license tax returns by amending an existing code, section 84-1504. Mr. Jerry Foster, administrator of corporate tax division of the department of revenue said the intent of SB 34 is to eliminate needless clerical work and expensive mailing. Multistate corporations need up to six months instead of the 90 day extension as at present, in order to give them time to get all their figures. There is no money involved, and the 3/4 of 1% per month interest from due date is statutory.

The hearing adjourned at 8:15 a.m., and committee went into an executive session.

SENATE BILL 34 - Rep. Harrison Fagg made the motion that Senate Bill 34 DO PASS. Motion carried with all members but Rep. Tom Hager voting for DO PASS.

SENATE BILL 94 - Rep. W. Jay Fabrega will carry SB 94 on the House floor. Rep. E. N. Dassinger moved that SB 94 DO PASS. Motion carried unanimously.

Executive session adjourned at 8:25 a.m.

REP. DAN YARDLEY, Chairman

jl

SENATE BILL NO. 34

INTRODUCED BY WATT, STORY, HAZELBAKER,

MANLEY, HEALY

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION 84-4905, R.C.M. 1947, TO PROVIDE THAT ADJUSTED GROSS INCOME SHALL NOT INCLUDE BENEFITS PAID TO RETIRED FIREMEN, DISABLED FIREMEN, AND WIDOWS AND ORPHANS FROM FIRE DEPARTMENT RELIEF ASSOCIATION FUNDS; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 84-4905, R.C.M. 1947, is amended to read as follows:

"84-4905. Adjusted gross income. (1) Adjusted gross income shall be the taxpayer's federal income tax adjusted gross income as defined in section 62 of the Internal Revenue Code of 1954 or as that section may be labeled or amended, and in addition shall include the following:

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(2) Adjusted gross income does not include the following which are exempt from taxation under this act:

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(c) All benefits paid under the Montana Teachers Retirement Act which are specified as exempt from taxation by section ~~75-2713~~ 75-6215.

(d) All benefits paid under the Montana Public Employees Act which are specified as exempt from taxation by section 68-1303.

(e) All benefits paid under the Montana Highway Patrol Retirement Act which are specified as exempt from taxation by section 31-221.

(f) Montana income tax refunds or credits thereof.

(g) All benefits paid under sections 11-1925, 11-1926, and 11-1927 TO RETIRED AND DISABLED FIREMEN, THEIR SURVIVING SPOUSES AND ORPHANS.

(3) In the case of a shareholder of a corporation with respect to which the election provided for under subchapter S. of the Internal Revenue Code of 1954, as amended, is in effect, but with respect to which the election provided for

REFERENCE BILL

SB 0034/03

under section 84-1501.2, as amended, is not in effect, adjusted gross income does not include any part of the corporation's undistributed taxable income, net operating loss, capital gains or other gains, profits or losses required to be included in the shareholder's federal income tax adjusted gross income by reason of the said election under subchapter S. However, the shareholder's adjusted gross income shall include actual distribution from the corporation to the extent they would be treated as taxable dividends if the subchapter S. election were not in effect."

SECTION 2. THIS ACT SHALL BE EFFECTIVE FOR ALL TAXABLE YEARS COMMENCING WITH THE TAXABLE YEAR ~~1974~~ 1975.

-End-